

# What YOU can do to stop fraud

Report situations you think may be fraudulent and let others know how to report. Your leads will help L&I track down and stop workers' comp fraud.

**L&I fraud reporting hotline:**  
**1-888-811-5974**

**L&I fraud reporting web site:**  
**[www.Fraud.LNI.wa.gov](http://www.Fraud.LNI.wa.gov)**

Help children get the support they deserve and reduce unemployment and workers' compensation fraud. Report all new employees within 20 days:  
**[www.dshs.wa.gov.newhire](http://www.dshs.wa.gov.newhire)**

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*Even when L&I does not pursue criminal charges, the agency can impose stiff monetary penalties on those who cheat.*

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***It's your money.***

# Workers' Comp Fraud Hurts YOU



**Fraud takes its toll on honest people and businesses. That's not fair.**

That's why the Department of Labor and Industries (L&I) is attacking fraud from many angles – and getting results.



# Cheating the workers' comp system is NOT a victimless crime



## Here's why:

- **All businesses and workers in an industry pay more if some employers in that industry don't pay at all.** Under Washington law, a worker injured on the job is guaranteed workers' comp benefits even if his/her employer failed to pay premiums. Other businesses in the same "risk class" pick up the added cost.
- **Workers who scam the system hurt their co-workers as well as their employers.** Workers pay about 25 percent of workers' compensation premiums. Their payroll deduction as well as the rates employers pay go up when workers collect benefits they are not entitled to receive.
- **Honest contractors struggle under unfair competition.** A contractor who underreports employee hours and doesn't pay the full premiums he or she owes can undercut honest contractors when bidding on a job.
- **Providers inflate medical costs if they bill for services they didn't provide.** Inappropriate billings impact costs in two ways: they affect an individual employer's rates, which the employer and his/her workers pay, and they increase medical costs overall.

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*L&I fights fraud to keep the workers' compensation system healthy – and to protect the honest employers, workers and health-care providers who rely on it.*

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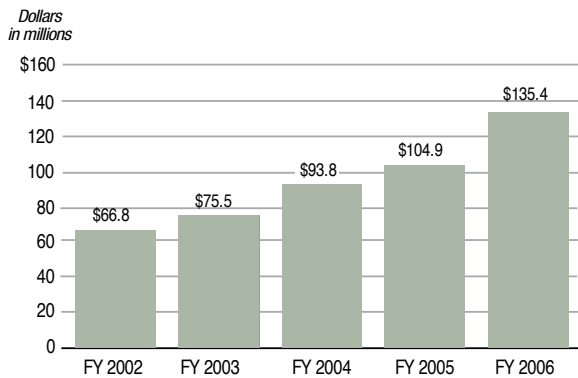
# Committed to finding and preventing fraud

L&I is attacking fraud from many different angles, using new tools, technology and dedicated staff to expand collections, audits and investigations. A new call center allows earlier contact with employers who fail to file their quarterly reports or owe a past-due debt to L&I. These resources also allow L&I to:

- Find claimants who may be inappropriately receiving benefits.
- Revoke the Certificate of Coverage of employers who refuse to pay the industrial insurance premiums they owe.
- Suspend the registration of construction contractors who owe premiums and fail to enter into or ignore payment agreements.
- Monitor and review the quality of care provided by health-care professionals, the performance of vocational counselors and the billing practices of both.
- Gather evidence needed to refer the most egregious cases for criminal prosecution.

## Total Collections

July 1, 2002 through June 30, 2006\*



\*Includes collections of delinquent premiums, penalties and interest from employers, civil assessments for fraud, assessments for criminal fraud, and the recovery of improper payments to providers and injured workers.

## How L&I handles suspected fraud

*In general, injured workers, employers and health-care providers don't misuse the workers' compensation system. But some will act unethically or illegally for financial gain.*

L&I reviews every fraud report received, analyzes the information and verifies facts. Sometimes this means checking information with other government reporting systems.

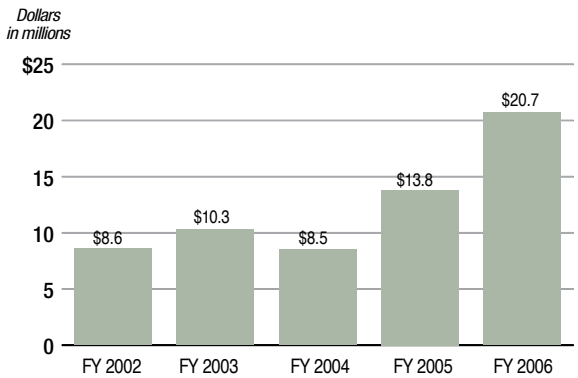
The next step is to open an audit or investigation when the facts warrant it. L&I can take civil action to recover monies owed or work with county prosecutors to pursue criminal charges, depending on the circumstances involved.

Open investigations can take several months or longer to complete, depending on the complexity of the case. Information is confidential until the investigation concludes.

## More audits mean better fraud detection

L&I audits business records to make sure employers report accurately and pay the workers' compensation premiums they owe. The audit function is a primary tool for determining where abusive or fraudulent behavior is taking place.

### Dollars Assessed through Employer Audits



## Fraud uncovered by L&I

### Recent cases:

- A worker who illegally collected workers' compensation wage-replacement benefits while working at another job was sentenced to 28 months in prison for two counts of first-degree theft and ordered to repay nearly \$11,000 in benefits, plus a penalty of \$5,000.
- An employer who failed to have a workers' compensation account and pay premiums pleaded guilty to a Class C felony. He was sentenced to two days in jail and 28 days of home monitoring and ordered to repay \$75,885 in premiums and penalties.
- The owner of several physical therapy clinics overbilled L&I \$375,000 for services his company didn't provide to injured workers. He received a 12-month sentence for theft.

### Dollars Assessed and Costs Avoided from Investigations

